



State of Utah

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Insurance Department

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BULLETIN 2015-3

To: Health Insurers Offering Small Employer Health Benefit Plans

From: Todd E. Kiser, Utah Insurance Commissioner

Date: March 18, 2015

Subject: **Submitting Quarterly Changes for Small Employer 2014 PPACA Compliant Health Benefit Plans and Stand-Alone Dental Plans**

This Bulletin supersedes Bulletin 2014-2(a) and clarifies Utah's position on small employer group index rate and plan changes.

On February 18, 2014, the U.S. Department of Health and Human Services' Center for Consumer Information and Insurance Oversight, CCIIO, disseminated notification regarding allowable quarterly changes to small employer group index rates. Pursuant to 45 CFR 156.80, and as indicated in the letter, each state is allowed to determine when and how often to accept changes for small employer group plans, subject to the qualification that rates cannot change more frequently than quarterly.

It is expected that the index rate for non-grandfathered 2014 Affordable Care Act, ACA, compliant plans (both individual and small employer, on and off exchange) will be filed annually according to state and federal timelines. In the individual market, the index rate is not allowed to change under any circumstances until the next annual filing – that is, the rates are static within each calendar year. This bulletin applies only to carriers desiring to change their index rate or plans in the small employer pool, which excludes grandfathered and transitional plans.

The small employer rates and plans can change as frequently as quarterly. Two methods that can be used are:

- 1) As part of the annual filing a carrier can include pre-filed quarterly rates in the rate template. The difference in rates for each subsequent quarter can only reflect an assumed trend adjustment. The rates in each year for the time period January 1 through March 31 apply to small employer groups effectuating or renewing coverage in the first quarter, and are effective for one year. The rates for the time period April 1 through June 30 apply to

small employer groups effectuating or renewing coverage in the second quarter, and are effective for one year. Third and fourth quarter rates are applied similarly. The Department encourages carriers to submit quarterly trend increases in the annual filing, rather than subsequent quarterly filings.

If a carrier files quarterly rates as part of their annual rate filing, the carrier must apply those rates to small employer groups effectuating or renewing coverage in that quarter, or else the carrier is out of compliance. A carrier may not simply decide not to implement the pre-filed quarterly rate increases.

- 2) A carrier may submit a quarterly filing. The final 2016 letter to issuers presented an earlier rate review timeline for annual filings than in prior years and has necessitated rethinking of the timing and frequency of quarterly index rate filings. We also anticipate that filing timelines in future years may be earlier than the 2016 timelines. Because of the earlier timelines, **Utah will only accept quarterly filings for the 3rd quarter of each year** (i.e. effective dates of July 1), in addition to the annual small employer group index rate filing. This essentially allows semi-annual filing of small employer rates, rather than quarterly.

Below are items to consider:

- The index rate applies to, and requires filing for, all plans in the small employer pool, excluding grandfathered or transitional plans. A change to the small employer index rate can be filed quarterly, essentially allowing the index rate to be filed four times per year, if included in the annual filing. The Department encourages carriers to apply quarterly trend increases in the annual filing, rather than subsequent quarterly filings.
- If a carrier submitted pre-filed quarterly rates for a given year, but then later submits a change to the index rate effective July 1 of that year, the 3rd and 4th quarter pre-filed rates would be nullified and replaced with the later submitted rates. Rates for groups starting or renewing in the first two quarters would, however, remain unchanged and would be effective for one year.
- Any rate change filing by carriers that did not submit pre-filed quarterly rates for a given year, effective July 1 of that year is a change in index rate, even if the rate filing simply proposes to add quarterly rates adjusted by the trend assumed in the applicable annual filing.
- Allowed changes for quarterly filings are limited to:
 - premium changes;
 - adding a plan; or
 - removing a plan.
- Plans added after the annual filing that were not available during the annual open enrollment period (November 15 to December 15) are guaranteed available without the ability to limit due to employee participation or employer contribution.

TIMELINES AND SUBMISSIONS

Small employer group quarterly rate filings with an effective date of July 1 must follow the following timelines:

| Quarterly Rate Increases | Q3 |
|-----------------------------|--------------|
| Rate filing | February 1st |
| Binder Filing | February 1st |
| New rate display (Avenue H) | May 1st |
| Effective date | July 1st |

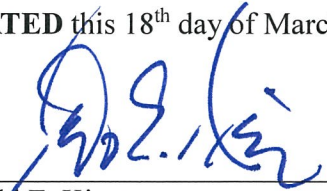
If a carrier is only requesting a premium change, then a new binder filing is not required. The Department will re-open the carrier's annual small employer Binder and allow the carrier to update the Rate Data template. However, if a carrier is adding or removing plans, a new binder filing is required.

The quarterly filing must follow the submission guidelines outlined in filing guidance issued by the Department. All SERFF submissions must be concomitantly submitted to HIOS. **Any filings that are substantively incomplete at the submission deadline will be rejected and not be considered.**

The Department encourages carriers to utilize the annual filing for trended quarterly rate changes to minimize the frequency of quarterly filings.

If you have any questions or comments, please contact the Health and Life Division at 801-538-3077 or health.uid@utah.gov.

DATED this 18th day of March, 2015.



Todd E. Kiser
Insurance Commissioner